



Reprinted
March 1, 2016

ENGROSSED HOUSE BILL No. 1109

DIGEST OF HB 1109 (Updated February 29, 2016 4:57 pm - DI 120)

Citations Affected: IC 6-1.1; IC 20-40; IC 20-43; noncode.

Synopsis: School funding and annual performance grants. Extends through 2018 the eligibility of school corporations to allocate circuit breaker credits proportionately. Provides, with some exceptions, that if: (1) a school corporation in 2017 or 2018 issues new bonds or enters into a new lease rental agreement for which the school corporation is imposing or will impose a debt service levy; and (2) the school corporation's total debt service levy in 2017 or 2018 is greater than the school corporation's debt service levy in 2016; the school corporation is not eligible to allocate circuit breaker credits proportionally. Extends the date to January 1, 2018, for using money in a school's capital projects fund for utility services and property and casualty insurance. Changes the submission date for a school corporation's fall average daily membership (ADM) estimates to April 1 of each year. Specifies,
(Continued next page)

Effective: Upon passage; July 1, 2016; January 1, 2017.

Huston, Thompson, Errington, Schaibley

(SENATE SPONSORS — MISHLER, KENLEY, RANDOLPH LONNIE M)

January 7, 2016, read first time and referred to Committee on Ways and Means.
January 21, 2016, amended, reported — Do Pass.
January 25, 2016, read second time, ordered engrossed.
January 26, 2016, engrossed. Read third time, passed. Yeas 96, nays 0.

SENATE ACTION

February 3, 2016, read first time and referred to Committee on Appropriations.
February 22, 2016, amended, reported favorably — Do Pass.
February 29, 2016, read second time, amended, ordered engrossed.

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Digest Continued

for a school corporation that fails to submit its ADM estimates by the deadline, that the department is to compute the monthly support distributions using data that were used by the general assembly in determining the state tuition support appropriation for the budget act. Amends certain annual performance grant provisions that set forth the: (1) qualification requirements; and (2) grant amount; for annual performance grants. Requires review by the budget committee before the distribution of an annual performance grant to schools. Provides that the department of education (department), after review by the budget committee, may waive the deadline by which annual performance grants must be distributed to schools and approve an extension of that deadline to a later date within the state fiscal year. Repeals certain deadlines for a school to distribute the stipends from a performance grant received from the department to individual teachers. Provides that a school must distribute all stipends from a performance grant to individual teachers within 20 business days of the date the department distributes the performance grant to the school. (Under current law, a school must distribute stipends from a performance grant within 20 business days of receipt only in the state fiscal year beginning July 1, 2015, and ending June 30, 2016.) Provides that the appropriation of \$2,000,000 in the state budget for excellence in performance grants does not revert to the state general fund on June 30, 2016, but remains available for allotment if the state board of education approves the grants before July 1, 2016.

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Reprinted
March 1, 2016

Second Regular Session of the 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

ENGROSSED HOUSE BILL No. 1109

A BILL FOR AN ACT to amend the Indiana Code concerning education.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-1.1-20.6-9.9, AS ADDED BY P.L.120-2014,
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2016]: Sec. 9.9. **(a) If:**

4 **(1) a school corporation in 2017 or 2018 issues new bonds or**
5 **enters into a new lease rental agreement for which the school**
6 **corporation is imposing or will impose a debt service levy**
7 **other than:**

8 **(A) to refinance or renew prior bond or lease rental**
9 **obligations existing before January 1, 2017; or**

10 **(B) indebtedness that is approved in a local public question**
11 **or referendum under IC 6-1.1-20 or any other law; and**

12 **(2) the school corporation's total debt service levy in 2017 or**
13 **2018 is greater than the school corporation's debt service levy**
14 **in 2016;**

15 **the school corporation is not eligible to allocate credits**
16 **proportionately under this section.**

17 **(a) (b) Subject to subsection (a), a school corporation is eligible**

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1 to allocate credits proportionately under this section for ~~2014, 2015, or~~
 2 2016, **2017, or 2018** if the school corporation's percentage computed
 3 under this subsection is at least ten percent (10%) for its transportation
 4 fund levy for that year, as certified by the department of local
 5 government finance. A school corporation shall compute its percentage
 6 under this subsection as follows:

7 (1) Compute the amount of credits granted under this chapter
 8 against the school corporation's levy for the school corporation's
 9 transportation fund.

10 (2) Compute the school corporation's levy for the school
 11 corporation's transportation fund.

12 (3) Divide the amount computed under subdivision (1) by the
 13 amount computed under subdivision (2) and express it as a
 14 percentage.

15 The computation must be made by taking into account the requirements
 16 of section 9.8 of this chapter regarding protected taxes and the impact
 17 of credits granted under this chapter on the revenue to be distributed to
 18 the school corporation's transportation fund for the particular year.

19 ~~(b)~~ (c) A school corporation that desires to be an eligible school
 20 corporation under this section must, before May 1 of the year for which
 21 it wants a determination, submit a written request for a certification by
 22 the department of local government finance that the computation of the
 23 school corporation's percentage under subsection ~~(a)~~ (b) is correct. The
 24 department of local government finance shall, not later than June 1 of
 25 that year, determine whether the percentage computed by the school
 26 corporation is accurate and certify whether the school corporation is
 27 eligible under this section.

28 ~~(e)~~ (d) For a school corporation that is certified as eligible under this
 29 section, the school corporation may allocate the effect of the credits
 30 granted under this chapter proportionately among all the school
 31 corporation's property tax funds that are not exempt under section
 32 7.5(b) or 7.5(c) of this chapter, based on the levy for each fund and
 33 without taking into account the requirements of section 9.8 of this
 34 chapter regarding protected taxes.

35 SECTION 2. IC 20-40-8-19, AS AMENDED BY P.L.213-2015,
 36 SECTION 202, IS AMENDED TO READ AS FOLLOWS
 37 [EFFECTIVE JULY 1, 2016]: Sec. 19. Money in the fund may be used
 38 before ~~July 1, 2017~~, **January 1, 2018**, to pay for up to one hundred
 39 percent (100%) of the following costs of a school corporation:

40 (1) Utility services.

41 (2) Property or casualty insurance.

42 (3) Both utility services and property or casualty insurance.



1 A school corporation's expenditures under this section may not in a
 2 calendar year exceed three and five-tenths percent (3.5%) of the school
 3 corporation's 2005 calendar year distribution.

4 SECTION 3. IC 20-43-4-2, AS AMENDED BY P.L.205-2013,
 5 SECTION 275, IS AMENDED TO READ AS FOLLOWS
 6 [EFFECTIVE JANUARY 1, 2017]: Sec. 2. (a) A school corporation's
 7 ADM is the number of eligible pupils enrolled in:

- 8 (1) the school corporation; or
 9 (2) a transferee corporation;

10 on the days fixed in September and in February by the state board for
 11 a count of students under section 3 of this chapter and as subsequently
 12 adjusted not later than the date specified under the rules adopted by the
 13 state board. The state board may adjust the school's count of eligible
 14 pupils if the state board determines that the count is unrepresentative
 15 of the school corporation's enrollment. In addition, a school corporation
 16 may petition the state board to make an adjusted count of students
 17 enrolled in the school ~~corporation~~ **corporation** if the corporation has
 18 reason to believe that the count is unrepresentative of the school
 19 corporation's enrollment.

20 (b) Each school corporation shall, ~~in June of 2013 and in May of~~
 21 ~~each year thereafter before April 1 of each year~~, provide to the
 22 department an estimate of the school corporation's ADM that will result
 23 from the count of eligible pupils in the following September. The
 24 department may update and adjust the estimate as determined
 25 appropriate by the department. **In each odd-numbered year, the**
 26 **department shall provide the updated and adjusted estimate of the**
 27 **school corporation's ADM to the legislative services agency before**
 28 **April 10 of that year.**

29 SECTION 4. IC 20-43-4-9, AS AMENDED BY P.L.213-2015,
 30 SECTION 215, IS AMENDED TO READ AS FOLLOWS
 31 [EFFECTIVE JANUARY 1, 2017]: Sec. 9. (a) Subject to ~~subsection~~
 32 ~~(b)~~, **subsections (b) and (c)**, this subsection applies to the calculation
 33 of state tuition support distributions that are based on the current ADM
 34 of a school corporation. The fall count of ADM, as adjusted by the state
 35 board under section 2 of this chapter, shall be used to compute state
 36 tuition support distributions made in the first six (6) months of the
 37 current state fiscal year, and the spring count of ADM, as adjusted by
 38 the state board under section 2 of this chapter, shall be used to compute
 39 state tuition support distributions made in the second six (6) months of
 40 the state fiscal year.

41 **(b) This subsection applies to a school corporation that does not**
 42 **provide the estimates required by section 2(b)(2) of this chapter**



1 **before the deadline. For monthly state tuition support distributions**
 2 **made before the fall count of ADM is finalized, the department**
 3 **shall determine the distribution amount for such a school**
 4 **corporation for a state fiscal year of the biennium, using data that**
 5 **were used by the general assembly in determining the state tuition**
 6 **support appropriation for the budget act for that state fiscal year.**
 7 **The department may adjust the data used under this subsection for**
 8 **errors.**

9 (b) (c) If the state board adjusts a count of ADM after a distribution
 10 is made under this article, the adjusted count retroactively applies to
 11 the amount of state tuition support distributed to a school corporation
 12 affected by the adjusted count. The department shall settle any
 13 overpayment or underpayment of state tuition support resulting from
 14 an adjusted count of ADM on the schedule determined by the
 15 department and approved by the budget agency.

16 SECTION 5. IC 20-43-10-3, AS AMENDED BY HEA 1003-2016,
 17 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 18 JULY 1, 2016]: Sec. 3. (a) As used in this section, "achievement test"
 19 means a:

- 20 (1) test required by the ISTEP program; or
 21 (2) Core 40 end of course assessment for the following:
 22 (A) Algebra I.
 23 (B) English 10.
 24 (C) Biology I.

25 (b) As used in this section, "graduation rate" means the percentage
 26 graduation rate for a high school in a school corporation as determined
 27 under IC 20-26-13-10 but adjusted to reflect the pupils who meet the
 28 requirements of graduation under subsection (c).

29 (c) As used in this section, "test" means either:

- 30 (1) a test required by the ISTEP program; or
 31 (2) a Core 40 end of course assessment.

32 (d) A pupil meets the requirements of graduation for purposes of
 33 this section if the pupil successfully completed:

- 34 (1) a sufficient number of academic credits, or the equivalent of
 35 academic credits; and
 36 (2) the graduation examination required under IC 20-32-3 through
 37 IC 20-32-5;

38 that resulted in the awarding of a high school diploma or an academic
 39 honors diploma to the pupil for the school year ending in the
 40 immediately preceding state fiscal year.

41 (e) Determinations for a school for a state fiscal year must be made
 42 using:



- 1 (1) the count of tests passed compared to the count of tests taken
 2 throughout the school;
 3 (2) the graduation rate in the high school; and
 4 (3) the count of pupils graduating in the high school.
- 5 (f) In determining grants under this section, a school corporation
 6 may qualify for the following two (2) grants each year:
 7 (1) One (1) grant under subsection (h), (i), or (j).
 8 (2) One (1) grant under subsection (k), (l), or (m).
- 9 (g) The sum of the two (2) grant amounts described in subsection
 10 (f), as determined for a school corporation under this section,
 11 constitutes an annual performance grant that is in addition to state
 12 tuition support. **After review by the budget committee**, the annual
 13 performance grant for a state fiscal year shall be distributed to the
 14 school corporation before December 5 of that state fiscal year, **unless**
 15 **an extension of the December 5 deadline is approved for that state**
 16 **fiscal year under subsection (o)**. If the:
 17 (1) total amount to be distributed as performance grants for a
 18 particular state fiscal year exceeds the amount appropriated by the
 19 general assembly for performance grants for that state fiscal year,
 20 the total amount to be distributed as performance grants to school
 21 corporations shall be proportionately reduced so that the total
 22 reduction equals the amount of the excess. The amount of the
 23 reduction for a particular school corporation is equal to the total
 24 amount of the excess multiplied by a fraction. The numerator of
 25 the fraction is the amount of the performance grant that the school
 26 corporation would have received if a reduction were not made
 27 under this section. The denominator of the fraction is the total
 28 amount that would be distributed as performance grants to all
 29 school corporations if a reduction were not made under this
 30 section; and
 31 (2) total amount to be distributed as performance grants for a
 32 particular state fiscal year is less than the amount appropriated by
 33 the general assembly for performance grants for that state fiscal
 34 year, the total amount to be distributed as performance grants to
 35 school corporations for that particular state fiscal year shall be
 36 proportionately increased so that the total amount to be
 37 distributed equals the amount of the appropriation for that
 38 particular state fiscal year.
- 39 The performance grant received by a school corporation shall be
 40 allocated among and used only to pay cash stipends to all teachers who
 41 are rated as effective or as highly effective and employed by the school
 42 corporation as of December 1. The lead school corporation or interlocal



1 cooperative administering a cooperative or other special education
 2 program or administering a career and technical education program,
 3 including programs managed under IC 20-26-10, IC 20-35-5, IC 20-37,
 4 or IC 36-1-7, shall award performance stipends to and carry out the
 5 other responsibilities of an employing school corporation under this
 6 section for the teachers in the special education program or career and
 7 technical education program. The amount of the distribution from an
 8 annual performance grant to an individual teacher is determined at the
 9 discretion of the governing body of the school corporation. The
 10 governing body shall differentiate between the amount of the stipend
 11 awarded to a teacher rated as a highly effective teacher and a teacher
 12 rated as an effective teacher and may differentiate between school
 13 buildings. A stipend to an individual teacher in a particular year is not
 14 subject to collective bargaining and is in addition to the minimum
 15 salary or increases in salary set under IC 20-28-9-1.5. In addition, an
 16 amount determined under the policies adopted by the governing body
 17 but not exceeding fifty percent (50%) of the amount of a stipend to an
 18 individual teacher in a particular state fiscal year beginning after June
 19 30, 2015, becomes a permanent part of and increases the base salary of
 20 the teacher receiving the stipend for school years beginning after the
 21 state fiscal year in which the stipend is received. The addition to base
 22 salary under this section is not subject to collective bargaining, is
 23 payable from funds other than the performance grant, and is in addition
 24 to the minimum salary and increases in salary set under IC 20-28-9-1.5.
 25 ~~The school corporation shall complete the appropriation process for all~~
 26 ~~stipends from a performance grant to individual teachers before~~
 27 ~~December 31 of the state fiscal year in which the performance grant is~~
 28 ~~distributed to the school corporation and distribute all stipends from a~~
 29 ~~performance grant to individual teachers before the immediately~~
 30 ~~following January 31. **The school corporation shall distribute all**~~
 31 **stipends from a performance grant to individual teachers within**
 32 **twenty (20) business days of the date the department distributes**
 33 **the performance grant to the school corporation.** Any part of the
 34 performance grant not distributed as stipends to teachers before
 35 February must be returned to the department on the earlier of the date
 36 set by the department or June 30 of that state fiscal year.

37 (h) Except as provided in subsection (n), a school qualifies for a
 38 grant under this subsection if the school has more than ~~seventy-five~~
 39 **seventy-two and five-tenths percent (72.5%)** but less than
 40 ninety percent (90%) of the tests taken in the school year ending in the
 41 immediately preceding state fiscal year that receive passing scores. The
 42 grant amount for the state fiscal year is:

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- 1 (1) the count of the school's passing scores on tests in the school
 2 year ending in the immediately preceding state fiscal year;
 3 multiplied by
 4 (2) twenty-three dollars and fifty cents (\$23.50).
- 5 (i) Except as provided in subsection (n), a school qualifies for a
 6 grant under this subsection if the school has at least ninety percent
 7 (90%) of the tests taken in the school year ending in the immediately
 8 preceding state fiscal year that receive passing scores. The grant
 9 amount for the state fiscal year is:
- 10 (1) the count of the school's passing scores on tests in the school
 11 year ending in the immediately preceding state fiscal year;
 12 multiplied by
 13 (2) forty-seven dollars (\$47).
- 14 (j) This subsection does not apply to a school corporation in its first
 15 year of operation or to a school corporation that is entitled to a
 16 distribution under subsection (h) or (i). Except as provided in
 17 subsection (n), a school qualifies for a grant under this subsection if the
 18 school's school year over school year percentage growth rate of
 19 achievement tests receiving passing scores was at least ~~one five~~ percent
 20 (~~1%~~); **(5%)**, comparing the school year ending in the immediately
 21 preceding state fiscal year to the school year immediately preceding
 22 that school year. The grant amount for the state fiscal year is:
- 23 (1) the count of the school corporation's pupils who had a passing
 24 score on their achievement test in the school year ending in the
 25 immediately preceding state fiscal year; multiplied by
 26 (2) ~~one hundred sixty dollars (\$160)~~; **forty-seven dollars (\$47)**.
- 27 (k) A school qualifies for a grant under this subsection if the school
 28 had a graduation rate of ninety percent (90%) or more for the school
 29 year ending in the immediately preceding state fiscal year. The grant
 30 amount for the state fiscal year is:
- 31 (1) the count of the school corporation's pupils who met the
 32 requirements for graduation for the school year ending in the
 33 immediately preceding state fiscal year; multiplied by
 34 (2) one hundred seventy-six dollars (\$176).
- 35 (l) A school qualifies for a grant under this subsection if the school
 36 had a graduation rate greater than seventy-five percent (75%) but less
 37 than ninety percent (90%) for the school year ending in the
 38 immediately preceding state fiscal year. The grant amount for the state
 39 fiscal year is:
- 40 (1) the count of the school corporation's pupils who met the
 41 requirements for graduation for the school year ending in the
 42 immediately preceding state fiscal year; multiplied by



1 (2) eighty-eight dollars (\$88).

2 (m) This subsection does not apply to a school in its first year of
3 operation or to a school corporation that is entitled to a distribution
4 under subsection (k) or (l). A school qualifies for a grant under this
5 subsection if the school's school year over school year percentage
6 growth in its graduation rate is at least ~~one~~ **five** percent (~~1%~~), (**5%**),
7 comparing the graduation rate for the school year ending in the
8 immediately preceding state fiscal year to the graduation rate for the
9 school year immediately preceding that school year. The grant amount
10 for the state fiscal year is:

11 (1) the count of the school corporation's pupils who met the
12 requirements for graduation in the school year ending in the
13 immediately preceding state fiscal year; multiplied by

14 (2) ~~one thousand dollars (\$1,000)~~; **one hundred seventy-six**
15 **dollars (\$176)**.

16 (n) This subsection applies to the state fiscal year beginning July 1,
17 2015, and ending June 30, 2016. Notwithstanding subsection (h), (i),
18 or (j), the amount of the grant described in subsection (h), (i), or (j)
19 shall be calculated using the higher of:

20 (1) the percentage of passing scores on ISTEP program tests for
21 the school for the 2013-2014 school year; or

22 (2) the percentage of passing scores on ISTEP program tests for
23 the school for the 2014-2015 school year.

24 If a grant amount for a school is calculated using the percentage
25 described in subdivision (1), the ISTEP data from the 2013-2014
26 school year shall be used in the calculation of the grant amount, and the
27 grant amount may not exceed the grant amount that the school received
28 for the state fiscal year beginning July 1, 2014, and ending June 30,
29 2015, or in the case of a currently eligible school that was ineligible for
30 a grant in the state fiscal year beginning July 1, 2014, and ending June
31 30, 2015, because the school had not completed the required teacher
32 evaluations, the grant amount that the school would have been entitled
33 to receive for the state fiscal year beginning July 1, 2014, and ending
34 June 30, 2015, if the school had been eligible. ~~Notwithstanding~~
35 ~~subsection (g)~~; The school corporation shall distribute all stipends from
36 a performance grant to individual teachers within twenty (20) business
37 days of the date the department distributes the performance grant to the
38 school corporation.

39 **(o) The department, after review by the budget committee, may**
40 **waive the December 5 deadline to distribute an annual**
41 **performance grant to the school corporation under subsection (g)**
42 **for that state fiscal year and approve an extension of that deadline**



1 to a later date within that state fiscal year, if the department
2 determines that a waiver and extension of the deadline is in the
3 public interest.
4 (p) This section expires June 30, 2017.
5 SECTION 6. [EFFECTIVE UPON PASSAGE] (a) The
6 appropriation in P.L.213-2015 (HEA 1001-2015) of two million
7 dollars (\$2,000,000) for excellence in performance grants does not
8 revert to the state general fund on June 30, 2016, but remains
9 available for allotment if the state board of education approves the
10 grants before July 1, 2016.
11 (b) This SECTION expires June 30, 2017.
12 SECTION 7. An emergency is declared for this act.



COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred House Bill 1109, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 7, strike "that year," and insert "**2014 or thereafter**,".

Page 2, between lines 20 and 21, begin a new paragraph and insert:

"SECTION 2. IC 20-40-8-19, AS AMENDED BY P.L.213-2015, SECTION 202, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 19. Money in the fund may be used before ~~July 1, 2017~~, **January 1, 2018**, to pay for up to one hundred percent (100%) of the following costs of a school corporation:

- (1) Utility services.
- (2) Property or casualty insurance.
- (3) Both utility services and property or casualty insurance.

A school corporation's expenditures under this section may not in a calendar year exceed three and five-tenths percent (3.5%) of the school corporation's 2005 calendar year distribution."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1109 as introduced.)

BROWN T

Committee Vote: yeas 20, nays 0.

COMMITTEE REPORT

Madam President: The Senate Committee on Appropriations, to which was referred House Bill No. 1109, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert:

"SECTION 1. IC 6-1.1-20.6-9.9, AS ADDED BY P.L.120-2014, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9.9. (a) **If a school corporation in 2017 or 2018 issues new bonds or enters into a new lease rental agreement for which the school corporation is imposing or will impose a debt service levy (other than the refinancing or renewal of prior bond or lease rental obligations existing before January 1, 2017), the**

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school corporation is not eligible to allocate credits proportionally under this section.

(b) Subject to subsection **(a)**, a school corporation is eligible to allocate credits proportionately under this section for ~~2014, 2015, or 2016,~~ **2017, or 2018** if the school corporation's percentage computed under this subsection is at least ten percent (10%) for its transportation fund levy for that year, as certified by the department of local government finance. A school corporation shall compute its percentage under this subsection as follows:

- (1) Compute the amount of credits granted under this chapter against the school corporation's levy for the school corporation's transportation fund.
- (2) Compute the school corporation's levy for the school corporation's transportation fund.
- (3) Divide the amount computed under subdivision (1) by the amount computed under subdivision (2) and express it as a percentage.

The computation must be made by taking into account the requirements of section 9.8 of this chapter regarding protected taxes and the impact of credits granted under this chapter on the revenue to be distributed to the school corporation's transportation fund for the particular year.

~~(b)~~ **(c)** A school corporation that desires to be an eligible school corporation under this section must, before May 1 of the year for which it wants a determination, submit a written request for a certification by the department of local government finance that the computation of the school corporation's percentage under subsection ~~(a)~~ **(b)** is correct. The department of local government finance shall, not later than June 1 of that year, determine whether the percentage computed by the school corporation is accurate and certify whether the school corporation is eligible under this section.

~~(c)~~ **(d)** For a school corporation that is certified as eligible under this section, the school corporation may allocate the effect of the credits granted under this chapter proportionately among all the school corporation's property tax funds that are not exempt under section 7.5(b) or 7.5(c) of this chapter, based on the levy for each fund and without taking into account the requirements of section 9.8 of this chapter regarding protected taxes."

Page 2, delete lines 1 through 20.

Page 2, delete lines 32 through 42, begin a new paragraph and insert:

"SECTION 3. IC 20-43-4-2, AS AMENDED BY P.L.205-2013, SECTION 275, IS AMENDED TO READ AS FOLLOWS

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[EFFECTIVE JANUARY 1, 2017]: Sec. 2. (a) A school corporation's ADM is the number of eligible pupils enrolled in:

- (1) the school corporation; or
- (2) a transferee corporation;

on the days fixed in September and in February by the state board for a count of students under section 3 of this chapter and as subsequently adjusted not later than the date specified under the rules adopted by the state board. The state board may adjust the school's count of eligible pupils if the state board determines that the count is unrepresentative of the school corporation's enrollment. In addition, a school corporation may petition the state board to make an adjusted count of students enrolled in the school ~~corporation~~ **corporation** if the corporation has reason to believe that the count is unrepresentative of the school corporation's enrollment.

(b) Each school corporation shall: ~~in June of 2013 and in May of each year thereafter~~

- (1) in May, if the year is an even-numbered year; or**
- (2) before April 1, if the year is an odd-numbered year;**

provide to the department an estimate of the school corporation's ADM that will result from the count of eligible pupils in the following September. The department may update and adjust the estimate as determined appropriate by the department. **In each odd-numbered year, the department shall provide the updated and adjusted estimate of the school corporation's ADM to the legislative services agency before April 10 of that year.**

SECTION 4. IC 20-43-4-9, AS AMENDED BY P.L.213-2015, SECTION 215, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2017]: Sec. 9. (a) Subject to ~~subsection (b)~~, **subsections (b) and (c)**, this subsection applies to the calculation of state tuition support distributions that are based on the current ADM of a school corporation. The fall count of ADM, as adjusted by the state board under section 2 of this chapter, shall be used to compute state tuition support distributions made in the first six (6) months of the current state fiscal year, and the spring count of ADM, as adjusted by the state board under section 2 of this chapter, shall be used to compute state tuition support distributions made in the second six (6) months of the state fiscal year.

(b) This subsection applies to a school corporation that does not provide the estimates required by section 2(b)(2) of this chapter before the deadline. For monthly state tuition support distributions made before the fall count of ADM is finalized, the department shall determine the distribution amount for such a school



corporation for a state fiscal year of the biennium, using data that were used by the general assembly in determining the state tuition support appropriation for the budget act for that state fiscal year. The department may adjust the data used under this subsection for errors.

(b) (c) If the state board adjusts a count of ADM after a distribution is made under this article, the adjusted count retroactively applies to the amount of state tuition support distributed to a school corporation affected by the adjusted count. The department shall settle any overpayment or underpayment of state tuition support resulting from an adjusted count of ADM on the schedule determined by the department and approved by the budget agency."

Delete page 3.

Page 4, delete lines 1 through 4, begin a new paragraph and insert:

"SECTION 5. IC 20-43-10-3, AS AMENDED BY HEA 1003-2016, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. (a) As used in this section, "achievement test" means a:

- (1) test required by the ISTEP program; or
- (2) Core 40 end of course assessment for the following:
 - (A) Algebra I.
 - (B) English 10.
 - (C) Biology I.

(b) As used in this section, "graduation rate" means the percentage graduation rate for a high school in a school corporation as determined under IC 20-26-13-10 but adjusted to reflect the pupils who meet the requirements of graduation under subsection (c).

(c) As used in this section, "test" means either:

- (1) a test required by the ISTEP program; or
- (2) a Core 40 end of course assessment.

(d) A pupil meets the requirements of graduation for purposes of this section if the pupil successfully completed:

- (1) a sufficient number of academic credits, or the equivalent of academic credits; and
- (2) the graduation examination required under IC 20-32-3 through IC 20-32-5;

that resulted in the awarding of a high school diploma or an academic honors diploma to the pupil for the school year ending in the immediately preceding state fiscal year.

(e) Determinations for a school for a state fiscal year must be made using:

- (1) the count of tests passed compared to the count of tests taken

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throughout the school;

(2) the graduation rate in the high school; and

(3) the count of pupils graduating in the high school.

(f) In determining grants under this section, a school corporation may qualify for the following two (2) grants each year:

(1) One (1) grant under subsection (h), (i), or (j).

(2) One (1) grant under subsection (k), (l), or (m).

(g) The sum of the two (2) grant amounts described in subsection (f), as determined for a school corporation under this section, constitutes an annual performance grant that is in addition to state tuition support. **After review by the budget committee**, the annual performance grant for a state fiscal year shall be distributed to the school corporation before December 5 of that state fiscal year, **unless an extension of the December 5 deadline is approved for that state fiscal year under subsection (o)**. If the:

(1) total amount to be distributed as performance grants for a particular state fiscal year exceeds the amount appropriated by the general assembly for performance grants for that state fiscal year, the total amount to be distributed as performance grants to school corporations shall be proportionately reduced so that the total reduction equals the amount of the excess. The amount of the reduction for a particular school corporation is equal to the total amount of the excess multiplied by a fraction. The numerator of the fraction is the amount of the performance grant that the school corporation would have received if a reduction were not made under this section. The denominator of the fraction is the total amount that would be distributed as performance grants to all school corporations if a reduction were not made under this section; and

(2) total amount to be distributed as performance grants for a particular state fiscal year is less than the amount appropriated by the general assembly for performance grants for that state fiscal year, the total amount to be distributed as performance grants to school corporations for that particular state fiscal year shall be proportionately increased so that the total amount to be distributed equals the amount of the appropriation for that particular state fiscal year.

The performance grant received by a school corporation shall be allocated among and used only to pay cash stipends to all teachers who are rated as effective or as highly effective and employed by the school corporation as of December 1. The lead school corporation or interlocal cooperative administering a cooperative or other special education



program or administering a career and technical education program, including programs managed under IC 20-26-10, IC 20-35-5, IC 20-37, or IC 36-1-7, shall award performance stipends to and carry out the other responsibilities of an employing school corporation under this section for the teachers in the special education program or career and technical education program. The amount of the distribution from an annual performance grant to an individual teacher is determined at the discretion of the governing body of the school corporation. The governing body shall differentiate between the amount of the stipend awarded to a teacher rated as a highly effective teacher and a teacher rated as an effective teacher and may differentiate between school buildings. A stipend to an individual teacher in a particular year is not subject to collective bargaining and is in addition to the minimum salary or increases in salary set under IC 20-28-9-1.5. In addition, an amount determined under the policies adopted by the governing body but not exceeding fifty percent (50%) of the amount of a stipend to an individual teacher in a particular state fiscal year beginning after June 30, 2015, becomes a permanent part of and increases the base salary of the teacher receiving the stipend for school years beginning after the state fiscal year in which the stipend is received. The addition to base salary under this section is not subject to collective bargaining, is payable from funds other than the performance grant, and is in addition to the minimum salary and increases in salary set under IC 20-28-9-1.5. ~~The school corporation shall complete the appropriation process for all stipends from a performance grant to individual teachers before December 31 of the state fiscal year in which the performance grant is distributed to the school corporation and distribute all stipends from a performance grant to individual teachers before the immediately following January 31.~~ **The school corporation shall distribute all stipends from a performance grant to individual teachers within twenty (20) business days of the date the department distributes the performance grant to the school corporation.** Any part of the performance grant not distributed as stipends to teachers before February must be returned to the department on the earlier of the date set by the department or June 30 of that state fiscal year.

(h) Except as provided in subsection (n), a school qualifies for a grant under this subsection if the school has more than ~~seventy-five~~ **seventy-two and five-tenths percent (75%) (72.5%)** but less than ninety percent (90%) of the tests taken in the school year ending in the immediately preceding state fiscal year that receive passing scores. The grant amount for the state fiscal year is:

- (1) the count of the school's passing scores on tests in the school



year ending in the immediately preceding state fiscal year;
multiplied by

(2) twenty-three dollars and fifty cents (\$23.50).

(i) Except as provided in subsection (n), a school qualifies for a grant under this subsection if the school has at least ninety percent (90%) of the tests taken in the school year ending in the immediately preceding state fiscal year that receive passing scores. The grant amount for the state fiscal year is:

(1) the count of the school's passing scores on tests in the school year ending in the immediately preceding state fiscal year;
multiplied by

(2) forty-seven dollars (\$47).

(j) This subsection does not apply to a school corporation in its first year of operation or to a school corporation that is entitled to a distribution under subsection (h) or (i). Except as provided in subsection (n), a school qualifies for a grant under this subsection if the school's school year over school year percentage growth rate of achievement tests receiving passing scores was at least ~~one~~ **five** percent (~~1%~~); (**5%**), comparing the school year ending in the immediately preceding state fiscal year to the school year immediately preceding that school year. The grant amount for the state fiscal year is:

(1) the count of the school corporation's pupils who had a passing score on their achievement test in the school year ending in the immediately preceding state fiscal year; multiplied by

(2) ~~one hundred sixty dollars (\$160)~~; **forty-seven dollars (\$47)**.

(k) A school qualifies for a grant under this subsection if the school had a graduation rate of ninety percent (90%) or more for the school year ending in the immediately preceding state fiscal year. The grant amount for the state fiscal year is:

(1) the count of the school corporation's pupils who met the requirements for graduation for the school year ending in the immediately preceding state fiscal year; multiplied by

(2) one hundred seventy-six dollars (\$176).

(l) A school qualifies for a grant under this subsection if the school had a graduation rate greater than seventy-five percent (75%) but less than ninety percent (90%) for the school year ending in the immediately preceding state fiscal year. The grant amount for the state fiscal year is:

(1) the count of the school corporation's pupils who met the requirements for graduation for the school year ending in the immediately preceding state fiscal year; multiplied by

(2) eighty-eight dollars (\$88).



(m) This subsection does not apply to a school in its first year of operation or to a school corporation that is entitled to a distribution under subsection (k) or (l). A school qualifies for a grant under this subsection if the school's school year over school year percentage growth in its graduation rate is at least ~~one~~ **five** percent (~~1%~~; **5%**), comparing the graduation rate for the school year ending in the immediately preceding state fiscal year to the graduation rate for the school year immediately preceding that school year. The grant amount for the state fiscal year is:

- (1) the count of the school corporation's pupils who met the requirements for graduation in the school year ending in the immediately preceding state fiscal year; multiplied by
- (2) ~~one thousand dollars (\$1,000)~~; **one hundred seventy-six dollars (\$176)**.

(n) This subsection applies to the state fiscal year beginning July 1, 2015, and ending June 30, 2016. Notwithstanding subsection (h), (i), or (j), the amount of the grant described in subsection (h), (i), or (j) shall be calculated using the higher of:

- (1) the percentage of passing scores on ISTEP program tests for the school for the 2013-2014 school year; or
- (2) the percentage of passing scores on ISTEP program tests for the school for the 2014-2015 school year.

If a grant amount for a school is calculated using the percentage described in subdivision (1), the ISTEP data from the 2013-2014 school year shall be used in the calculation of the grant amount, and the grant amount may not exceed the grant amount that the school received for the state fiscal year beginning July 1, 2014, and ending June 30, 2015, or in the case of a currently eligible school that was ineligible for a grant in the state fiscal year beginning July 1, 2014, and ending June 30, 2015, because the school had not completed the required teacher evaluations, the grant amount that the school would have been entitled to receive for the state fiscal year beginning July 1, 2014, and ending June 30, 2015, if the school had been eligible. ~~Notwithstanding subsection (g)~~; The school corporation shall distribute all stipends from a performance grant to individual teachers within twenty (20) business days of the date the department distributes the performance grant to the school corporation.

(o) The department, after review by the budget committee, may waive the December 5 deadline to distribute an annual performance grant to the school corporation under subsection (g) for that state fiscal year and approve an extension of that deadline to a later date within that state fiscal year, if the department



determines that a waiver and extension of the deadline is in the public interest.

~~(e)~~ **(p)** This section expires June 30, 2017.

SECTION 6. [EFFECTIVE UPON PASSAGE] (a) The appropriation in P.L.1001-2015 of two million dollars (\$2,000,000) for excellence in performance grants does not revert to the state general fund on June 30, 2016, but remains available for allotment if the state board of education approves the grants before July 1, 2016.

(b) This SECTION expires June 30, 2017."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1109 as printed January 22, 2016.)

KENLEY, Chairperson

Committee Vote: Yeas 10, Nays 0.

SENATE MOTION

Madam President: I move that Engrossed House Bill 1109 be amended to read as follows:

Page 1, delete lines 1 through 17, begin a new paragraph and insert: "SECTION 1. IC 6-1.1-20.6-9.9, AS ADDED BY P.L.120-2014, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9.9. **(a) If:**

(1) a school corporation in 2017 or 2018 issues new bonds or enters into a new lease rental agreement for which the school corporation is imposing or will impose a debt service levy other than:

(A) to refinance or renew prior bond or lease rental obligations existing before January 1, 2017; or

(B) indebtedness that is approved in a local public question or referendum under IC 6-1.1-20 or any other law; and

(2) the school corporation's total debt service levy in 2017 or 2018 is greater than the school corporation's debt service levy in 2016;

the school corporation is not eligible to allocate credits proportionately under this section.

~~(a)~~ **(b) Subject to subsection (a), a school corporation is eligible to allocate credits proportionately under this section for 2014, 2015, or**

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2016, **2017, or 2018** if the school corporation's percentage computed under this subsection is at least ten percent (10%) for its transportation fund levy for that year, as certified by the department of local government finance. A school corporation shall compute its percentage under this subsection as follows:

- (1) Compute the amount of credits granted under this chapter against the school corporation's levy for the school corporation's transportation fund.
- (2) Compute the school corporation's levy for the school corporation's transportation fund.
- (3) Divide the amount computed under subdivision (1) by the amount computed under subdivision (2) and express it as a percentage.

The computation must be made by taking into account the requirements of section 9.8 of this chapter regarding protected taxes and the impact of credits granted under this chapter on the revenue to be distributed to the school corporation's transportation fund for the particular year.

~~(b)~~ **(c)** A school corporation that desires to be an eligible school corporation under this section must, before May 1 of the year for which it wants a determination, submit a written request for a certification by the department of local government finance that the computation of the school corporation's percentage under subsection ~~(a)~~ **(b)** is correct. The department of local government finance shall, not later than June 1 of that year, determine whether the percentage computed by the school corporation is accurate and certify whether the school corporation is eligible under this section.

~~(e)~~ **(d)** For a school corporation that is certified as eligible under this section, the school corporation may allocate the effect of the credits granted under this chapter proportionately among all the school corporation's property tax funds that are not exempt under section 7.5(b) or 7.5(c) of this chapter, based on the levy for each fund and without taking into account the requirements of section 9.8 of this chapter regarding protected taxes."

Page 2, delete lines 1 through 27.

Page 3, line 13, delete "shall:" and insert "shall,".

Page 3, line 14, after "thereafter" insert "**before April 1 of each year,**".

Page 3, delete lines 15 through 16.



Page 3, run in lines 14 through 17.

Page 9, line 1, delete "P.L.1001-2015" and insert "**P.L.213-2015 (HEA 1001-2015)**".

Renumber all SECTIONS consecutively.

(Reference is to EHB 1109 as printed February 23, 2016.)

MISHLER

